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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

**Re: Comments of Centennial Cellular Corporation
DA 97-2558/CC Docket 94-54**

Dear Ms. Salas:

On behalf of Centennial Cellular Corporation, we hereby submit an original and four (4) copies of comments in the above-referenced proceeding.

Should you have any questions regarding this matter, please contact the undersigned counsel.

Sincerely,


Karlyn D. Stanley

Enclosures

cc: Janice Jamison, Esq. (via hand delivery)
ITS (via hand delivery)

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JAN 5 - 1998

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSIONFEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Interconnection and Resale Obligations
Pertaining to Local Exchange Carrier
Provision of Commercial Radio Services

CC Docket 94-54
DA 97-2558

COMMENTS OF CENTENNIAL CELLULAR CORPORATION

Centennial Cellular Corporation ("Centennial") provides cellular service in various markets within the United States and PCS service in Puerto Rico. While Centennial believes that the public interest is served by the availability of roaming arrangements, Centennial also believes that the Commission should allow market forces and private arrangements between carriers — not the regulatory fiat of the Commission — to establish the details and scope of roaming arrangements.¹ A general requirement to accommodate roamers could significantly increase the costs of CMRS providers, with a disproportionate impact on smaller carriers such as Centennial. Moreover, there is a real possibility that some CMRS carriers will be able to "game" the regulatory roaming rules to obtain an unfair competitive advantage and at the same time undermine the Commission's policies encouraging the build-out of competing CMRS networks.

As described in the Public Notice, automatic roaming occurs when the roaming subscriber is able to originate or terminate a call without taking any action other than turning on his or her telephone. Today, this form of roaming requires a contract between the home system and the roamed-on host system. The Commission has opened the record in Docket No. 94-54 to "provide updated comments on the Commission's automatic roaming proposals."²

At the outset, it is clear that automatic roaming requirements should not be interpreted to require a CMRS provider to upgrade or modify its basic wireless communications system to accommodate roamers from other technically incompatible systems. In this regard, the

¹ In the current notice, the Commission seeks comment on automatic roaming proposals for cellular, broadband PCS and covered SMR networks. *See* Public Notice DA 97-2558, released December 5, 1997.

² *Id.* at 2.

Commission was correct in concluding that technical factors might render compliance with automatic roaming rules "unduly costly" for providers, and that rules "might inadvertently impede technological progress."³

Technical compatibility aside, establishing and administering roaming arrangements can be costly. Smaller carriers in particular would be faced with either absorbing these costs, recovering them from customers or obtaining reimbursement from other carriers. From a business standpoint, providing roaming services to other carriers that provide reciprocal or other valuable services makes sense. But if there are no offsetting benefits to establishing roaming, there is no logical business reason for a carrier to do so. For this reason alone, cellular providers should be allowed to determine the carriers for whom they will provide roaming services.

Even aside from the administrative and technical costs that an automatic roaming obligation would impose, the Commission should be aware that an automatic roaming requirement has the potential for significant anticompetitive consequences, as well as frustrating the Commission's policies requiring CMRS licensees to fully build out their systems. Consider a situation in which a new PCS licensee has a service territory that overlaps a pre-existing, fully-built-out cellular system in whole or in part. The Commission generally permits a new licensee to resell the services of existing licensees for a period of years while the new licensee's system is being built out.⁴ The Commission, however, specifically limited the period during which resale was permitted in order to encourage the new licensee to meet its construction obligations promptly and to avoid requiring one competitor to unduly support the operations of another.⁵

If the existing cellular carrier is *required* to offer "automatic roaming" to all CMRS users in its territory, then all the PCS licensee needs to do is sell wireless CPE that can work on

³ *Id.* at 9475 -9476, ¶ 25.

⁴ 47 C.F.R. §20.12 (b)

⁵ *Id.*

both cellular and PCS frequencies to totally subvert both the resale and the build-out rules. Under the resale rules, the new licensee must in effect purchase entire "accounts" from the existing provider and then resell those accounts to its customers. If automatic roaming is required, however, the new licensee can avoid the financial risks of resale while building out its system at the slowest rate consistent with retaining its license. Its customers would utilize the new licensee's system when they are located within the (small) areas that the new licensee has built out, but will utilize the existing cellular system otherwise. Perversely, the more effective and seamless automatic roaming becomes, the less the new licensee's customers will be inconvenienced by the fact that "their" service provider is basically free-riding indefinitely on the investments and market-building efforts of existing providers.

This is not a hypothetical concern. In one of its markets, Centennial has already received requests (complete with letters threatening legal action) from a new PCS licensee whose territory overlaps that served by Centennial's cellular system to establish what the PCS licensee calls a "roaming" arrangement between the two competitive carriers. This one-sided arrangement would provide no benefit to Centennial, which already covers the affected area, and significant competitive and economic benefits to the PCS provider, whose system has not been built out. Indeed, the primary effect of the "roaming" arrangement would be to eliminate financial and market pressures to build its system quickly — pressures the Commission has been at some pains to establish and maintain.⁶

Centennial can envision no administratively workable way to require "true" automatic roaming (*i.e.*, when a cellular customer from New York visits Milwaukee) that would at the same time effectively exclude the regulatory and economic gamesmanship described above (*i.e.*, when a PCS customer served by a nascent system built out only in, say, Rockville visits Washington, Arlington, Silver Spring or Tyson's Corner and piggy-backs on a pre-existing

⁶ Although Centennial has roaming agreements with other carriers, it wants to maintain the ability to refuse roaming privileges to carriers that seek to exploit Centennial's network and its network investment. The key issue here is parity.

cellular system to avoid its build-out obligations). To the contrary, it seems inevitable that a mandatory automatic roaming requirement would create the competitive distortions just described. Particularly where, as here, there is no real evidence that the normal operation of market incentives will not continue to expand the availability of roaming, the Commission would be well-advised to permit those forces to operate.⁷

Moreover, the perverse competitive incentives created by an automatic roaming requirement would lead to severe burdens on the Commission and its staff as the inevitable disputes such a requirement would create burgeoned into formal complaints. As noted in the Report and Order, there are approximately 1,400 cellular systems; broadband PCS and covered SMR providers increase that number appreciably.⁸ Hence, the number of potential squabbles between providers that could be brought to the Commission on the issue of automatic roaming is staggering. While the Commission should, of course, be available for resolving legitimate disputes between CMRS providers — whether those disputes relate to roaming or other issues — the Commission should be reluctant to establish rules and policies that effectively guarantee that the number of disputes will significantly escalate over time.

For all of these reasons, the Commission should maintain its general policy of allowing market forces, rather than regulation, to shape the development of wireless services, including roaming. As the Commission noted in the Report and Order in CC Docket 94-54, imposing an automatic roaming requirement could be — and, given recent developments, would be — "at odds with Congress' goal in adopting the Telecommunications Act of 1996 of creating

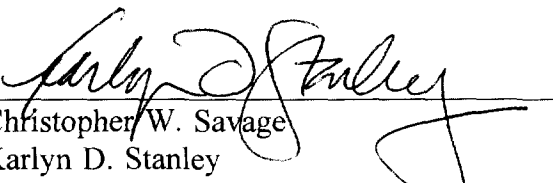
⁷ PCS providers in particular could use an unrestricted roaming requirement to frustrate the Commission's build-out policies. Such providers have a relatively relaxed build-out obligation: by the end of the initial 10-year license term, as little as 2/3 of the total market population may be served by A, B and C Block licensees; the requirements for D, E, and F Block licensees are even less onerous. *See* 47 C.F.R. § 24.203. As a result, PCS providers would have every reason to "free ride" on the investments made by cellular carriers that have fully built out their service territories. An unrestricted automatic roaming requirement, therefore, would eliminate any incentive PCS providers might have to fully build out their systems, especially in more rural or sparsely populated areas.

⁸ *Id.* at 9478, ¶ 29.

a 'pro-competitive, deregulatory national policy framework' for the United States telecommunications industry."⁹ If automatic roaming agreements are mandated, it will impose costs on all CMRS carriers, particularly smaller carriers; it will allow new competitors to obtain an unfair advantage; and it will tend to frustrate the Commission's build-out policies. As a result, such a policy would hinder, not foster, the growth of a ubiquitous, nationwide wireless telecommunications network.

Respectfully submitted,

CENTENNIAL CELLULAR CORPORATION

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Dated: January 5, 1998

⁹ *Interconnection and Resale Obligations Pertaining to Local Exchange Carrier Provision of Commercial Mobile Radio Services*, CC Docket 94-54, Second Report and Order and Third Notice of Proposed Rulemaking, 11 FCC Rcd 9462, 9476 (1996), *citing* S. Conf. Rep. No. 104-230, 104th Cong., 2d Sess.1 (1996).